

## Message Text

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PAGE 01 LISBON 04824 302010Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 /091 W  
-----114713 012005Z /75

R 301004Z JUN 78  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 6183  
INFO AMEMBASSY BONN

C O N F I D E N T I A L LISBON 4824

DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: XGDS-3  
TAGS: EFIN ECON PO  
SUBJECT: PRIVATE FOREIGN COMMERCIAL BANK CREDITS TO  
PORTUGAL

REF: LISBON 4570

1. MINISTER OF FINANCE CONSTANCIO INFORMED ECON COUNSELOR  
JUNE 29 THAT GOP WILL SOON SIGN FORMAL AGREEMENT FOR PRIVATE  
GERMAN BANK CONSORTIUM LOAN OF \$150 MILLION. AGREEMENT WITH  
THE AMERICAN BANKS IS STILL UNDER DISCUSSION, BUT CONSTANCIO  
IS PRESSING FOR A RAPID CONCLUSION. THE PRINCIPAL DIFFICULTY  
REMAINS U.S. BANK RESISTANCE TO AN INTEREST RATE OF 1 PERCENT  
ABOVE LIBOR. GOP IS INSISTING, AT LEAST FOR THE TIME BEING,  
ON THAT INTEREST RATE. AS A RESULT, THE TOTAL AMOUNT OF THE  
LOAN MAY BE SMALLER THAN WHAT THE U.S. BANKS FEEL THEY COULD  
PROVIDE AT A HIGHER INTEREST RATE. CONSTANCIO REMAINS HOPEFUL,  
NEVERTHELESS, THAT THE U.S. BANK LOAN WILL APPROXIMATE \$250  
MILLION.

2. INFLOW OF LIQUID RESERVES HAS CLEARLY RELAXED CON-  
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SIDERABLY THE DAY TO DAY PREOCCUPATIONS OF THE FINANCE  
MINISTRY AND BANK OF PORTUGAL. THE MAJOR FOCUS OF THE  
MINISTRY HAS SHIFTED FROM THESE SHORT-TERM PROBLEMS TO THE  
LONGER-TERM NEED FOR ECONOMIC REFORM, PARTICULARLY TO THE  
PREPARATION OF A REALISTIC MEDIUM-TERM DEVELOPMENT PLAN.  
CONSTANCIO APPEARS FAIRLY OPTIMISTIC ABOUT DEVELOPMENTS,  
ALTHOUGH HE ADMITS THAT MONETARY POLICIES ARE CREATING

FINANCIAL DIFFICULTIES FOR NUMEROUS PORTUGUESE FIRMS AND  
THAT THE PRIVATE SECTOR IS STILL RELUCTANT TO MAKE NEW  
INVESTMENTS.  
OKUN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, AGREEMENTS, COMMERCIAL BANKS, BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978LISBON04824  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** X3  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780272-0880  
**Format:** TEL  
**From:** LISBON  
**Handling Restrictions:** n/a  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 LISBON 4570  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2280804  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRIVATE FOREIGN COMMERCIAL BANK CREDITS TO PORTUGAL  
**TAGS:** EFIN, ECON, PO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/a0a14685-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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